

Thu 9/22/2005 11:23 AM

SUBJECT: Preliminary 2006 STIP Fund Estimate

Mr. VanDenburgh,

The attached tables contain the preliminary 2006 STIP Fund Estimates for Tiers 1(B) and 2(A) that will be presented to the Commission on September 29, 2005. These estimates are based on programming through June 30, 2005, and are subject to change from Commission actions and recommendations at the September meeting. Please forward these tables and the summary below to your regional agency mailing list

See attached files:

- (1) PDF 2006 STIP FE Tier1_Final.pdf
- (2) PDF 2006 STIP FE Tier2_Final.pdf

Preliminary 2006 STIP Fund Estimate

The preliminary 2006 STIP Fund Estimate projects a total program capacity of \$5.616 billion for Tier 2(A) over the fund estimate period, after funding a constrained SHOPP capital program of \$10.0 billion and STIP obligations totaling \$1.2 billion. This level of program capacity is approximately \$180 million less than the level presented in the Draft Fund Estimate on July 14, 2005.

The preliminary 2006 STIP Fund Estimate reflects the following changes that have occurred since the presentation of the July Draft Fund Estimate:

Safe Accountable Flexible and Efficient Transportation Equity Act: Legacy for Users (SAFE TEA-LU) was signed into law. The Fund Estimate was adjusted for the obligation authority, State/Local splits, and earmarks for non-STIP program funding. The result of these changes was a net loss of obligation authority available for the STIP. California Department of Finance issued Budget Letter 05-22 to increase the baseline escalation rate for operations from 2.5 percent to 3.1 percent. This applies to general business expenses, not capital outlay support, and totaled approximately \$160 million over the FE period. A new financing payment schedule for the Toll Bridge Seismic Retrofit Program (TBSRP) under Assembly Bill 144 was adopted by the Commission in August and applied to the Fund Estimate. The State Highway Account (SHA) and the Public Transportation Account (PTA) fund estimates were updated for beginning cash balances and current Surplus Money Investment Fund (SMIF) rates as of June 30, 2005. In order to ensure that SHOPP would be funded under Tier 1 (B), the Department, in consultation with Commission staff, constrained the SHOPP capital level in 2006-07 and

beyond to \$1.70 billion from \$1.73 billion before applying the construction capital escalation. This is a departure from the SHOPP level proposed in the 2006 Fund Estimate Assumptions Book that was based on the 2005 10-Year SHOPP Plan.

For additional information or questions, please contact:

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